



TESTIMONY TO THE SENATE BUDGET AND TAXATION COMMITTEE

SB 576 Corporate Income Tax - Combined Reporting

POSITION: Support

BY: Nancy Soreng, President

Date: March 7, 2023

Promoting a sound economy and maintaining an equitable and flexible system of taxation are among the League's basic principles. LWVMD's positions include support for: 1) a progressive tax system, and 2) an equitable and efficient fiscal structure.

Maryland League members understand the importance of the relationship between various revenue sources available to the state government and the services provided by those revenues. A sound revenue system must allow the State to invest in essential public goods such as education, transportation, and health care.

Currently, corporations can shift funds to other states where they will be taxed at a lower rate. Combined reporting requires corporations which do business in several states to have a single set of books so that all its profits are reported.

Combined reporting helps put smaller corporations with no presence outside of Maryland on a more equal tax footing with larger companies that operate in many states. The current system places a heavier state tax burden on businesses, both large and small, which do business only in Maryland.

Combined Reporting is already well established around the country. Maryland should join in.

We urge a favorable report on SB 576.